

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)	INDICTMENT	<i>CR 12-103 DWF/AJB</i>
)		
Plaintiff,)	(18 U.S.C. § 371)	
)	(18 U.S.C. § 1343)	
v.)	(18 U.S.C. § 1956)	
)	(18 U.S.C. § 1957)	
(1) TONII CARLOS GREENE,)		
)		
Defendant.)		

THE UNITED STATES GRAND JURY CHARGES THAT:

The Scheme to Defraud Mortgage Lenders

1. From sometime in or about October 2005 until sometime in or about 2007, TONII CARLOS GREENE ("GREENE") engaged in a scheme and conspiracy to defraud mortgage lenders financing the purchase of real estate.

2. The scheme involved the submission of materially false information to lenders financing property sales. The false information included representing in loan closings that a large percentage of the sale and loan amount was being paid to a real estate agent when, in fact, most of the payments to the agent were already pledged to and were immediately paid to other scheme participants as kickbacks.

3. A portion of the kickbacks was paid to property buyers and amounted to an undisclosed reduction in the actual sale price. A portion of the kickbacks was used to fund downpayments for more real property purchases. A portion of the kickbacks was used for purposes unrelated to the real property sale. The payment of the

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kickbacks and the sharing of loan proceeds was material information to a lender.

4. The scheme also involved buyers receiving assistance to fund down payments, without disclosure to the lenders. Assisting the buyers with down payments was a material fact to lenders.

COUNT 1

(Conspiracy to Commit Wire Fraud)

5. Paragraphs 1-4 are hereby realleged and incorporated by reference.

6. From on or about October 2005 and continuing until at least April 19, 2007, both dates being approximate and inclusive, in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

did knowingly combine, conspire, and agree with others known and unknown to commit an offense against the United States, namely,

having devised and intending to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing the scheme and artifice, and attempting to do so, transmitted and caused to be transmitted by means of wire communication in interstate commerce, any writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Section 371.

PURPOSE OF THE CONSPIRACY

7. The purpose of the conspiracy was to defraud lenders financing the sale of real property.

MANNER AND MEANS

8. The manner and means of the conspiracy included locating properties and arranging mortgage loans without disclosing material facts to lenders.

OVERT ACTS

9. In order to effect an object of the conspiracy and in furtherance of the conspiracy, a co-conspirator committed and caused to be committed the following overt acts in the State and District of Minnesota:

- (a) On or about April 19, 2007, GREENE met with a property purchaser to discuss funds that had been promised by GREENE;

10. All in violation of Title 18, United States Code, Section 371.

COUNT 2

(Conspiracy to Commit Money Laundering)

11. Paragraphs 1-10 are hereby realleged and incorporated by reference.

12. Between sometime in 2005 and continuing until at least on or about April 19, 2007, in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

did knowingly conspire with other persons known and unknown to the Grand Jury, to:

conduct and attempt to conduct financial transactions affecting interstate commerce that involved the proceeds of wire fraud and the conspiracy described herein, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, with the intent to promote the carrying on of the specified unlawful activity;

conduct and attempt to conduct financial transactions affecting interstate commerce that involved the proceeds of wire fraud and the conspiracy described herein, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity and that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of proceeds of wire fraud and the conspiracy described herein; and

engage in and attempt to engage in monetary transactions affecting interstate commerce in property of a value greater than \$10,000 derived from wire fraud and the conspiracy described herein, knowing that the monetary transaction involved proceeds of a criminal offense.

All in violation of Title 18, United States Code, Section 1956(h).

The Scheme to Defraud Real Estate Investors

13. From sometime in 2007 until sometime in 2008, GREENE engaged in a scheme and conspiracy to defraud investors providing funds for a real estate investment program.

14. The scheme involved the solicitation of money from investors under materially false and fraudulent pretenses. In particular, GREENE and others known and unknown to the grand jury identified persons interested in investing in real estate and

solicited investments in a purported program by which properties were to be bought at a discount and resold at a profit. Investors were told that their money was a short term investment or loan and would be repaid with profits or interest. Investors were not told that their funds would be used for any other purpose, that their funds would be spent by the scheme participants for personal purposes, or that purported returns would be paid from later investor funds.

15. Some investors were repaid for part of their investment or were repaid for their initial investment to encourage subsequent larger investments.

16. GREENE and others known and unknown to the grand jury used investor funds for reasons other than what has been promised, including to fund their personal lifestyles and to repay funds to other investors in a Ponzi-scheme fashion to create the illusion that the program was real and was generating returns. How the funds were expected to be used, how the funds were in fact used, and the source of repayments, were material facts to investors.

17. When investors confronted GREENE and the other scheme participants demanding the return of their investments, GREENE and others known and unknown to the grand jury made partial payments and false and fraudulent statements of material fact which were designed to mislead and lull the investors into providing more funds or into not pursuing the recovery of prior investments.

COUNT 3

(Conspiracy to Commit Wire Fraud)

18. Paragraphs 13-17 are hereby realleged and incorporated by reference.

19. From about April 2007 until at least August 23, 2007, both dates being approximate and inclusive, in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

did knowingly combine, conspire, and agree with others known and unknown to commit an offense against the United States, namely,

having devised and intending to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing the scheme and artifice, and attempting to do so, transmitted and caused to be transmitted by means of wire communication in interstate commerce, any writings, signs, signals, pictures and sounds, in violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Section 371.

PURPOSE OF THE CONSPIRACY

20. The purpose of the conspiracy was to defraud investors who had supplied funds for the purchase and resale of real property.

MANNER AND MEANS

21. The manner and means of the conspiracy included soliciting and obtaining funds from investors purportedly for a real estate investment program and spending the funds in a manner inconsistent with representations to investors.

OVERT ACTS

22. In order to effect an object of the conspiracy and in furtherance of the conspiracy, a co-conspirator committed and caused to be committed the following overt acts in the State and District of Minnesota:

- (a) On or about May 21, 2007, a conspirator arranged the receipt of \$100,000 by wire from an investor;
- (b) On or about July 27, 2007, a conspirator arranged the payment of \$9,000 by wire to an investor.

23. All in violation of Title 18, United States Code, Section 371.

COUNTS 4-11
(Wire Fraud)

24. Paragraphs 13-17 are hereby realleged and incorporated by reference.

25. On or about the following dates in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

aided and abetted by others known and unknown to the grand jury, having devised and intending to devise the above described scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce the following writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice:

COUNT	DATE	WIRE COMMUNICATION
4	06/28/2007	Wire transfer of \$110,000 from a bank account in Arizona to a bank account in Minnesota
5	07/09/2007	Wire transfer of \$90,000 from a bank account in Arizona to a bank account in Minnesota
6	07/12/2007	Facsimile transmission from Minnesota to Arizona
7	07/12/2007	Wire transfer of \$160,000 from a bank account in Arizona to a bank account in Minnesota
8	07/26/2007	E-mail from a hotmail.com account controlled by GREENE to an associate directing the payment of funds
9	07/30/2007	Wire transfer of \$150,000 from a bank account in Arizona to a bank account in Minnesota
10	08/23/2007	Wire transfer of \$70,000 from a bank account in Arizona to a bank account in Minnesota
11	08/23/2007	Wire transfer of \$70,000 from a bank account in Arizona to a bank account in Minnesota

26. All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 12

(Conspiracy to Commit Money Laundering)

27. Paragraphs 13-26 are hereby realleged and incorporated by reference.

28. Between sometime in 2007 and continuing until at least on or about August 23, 2007, in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

did knowingly conspire with other persons known and unknown to the Grand Jury, to:

conduct and attempt to conduct financial transactions affecting interstate commerce that involved the proceeds of wire fraud and the conspiracy described herein, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, with the intent to promote the carrying on of the specified unlawful activity;

conduct and attempt to conduct financial transactions affecting interstate commerce that involved the proceeds of wire fraud and the conspiracy described herein, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity and that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of proceeds of wire fraud and the conspiracy described herein; and

engage in and attempt to engage in monetary transactions affecting interstate commerce in property of a value greater than \$10,000 derived from wire fraud and the conspiracy described herein, knowing that the monetary transaction involved proceeds of a criminal offense.

All in violation of Title 18, United States Code, Section 1956(h).

COUNTS 13-14
(Money Laundering)

29. Paragraphs 13-26 are hereby realleged and incorporated by reference.

30. On or about the following dates, in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

aided and abetted by and willfully causing acts by another and knowing that the property involved represented the proceeds of some form of unlawful activity, did conduct and attempt to conduct the following financial transaction affecting interstate and foreign commerce and which involved the proceeds of specified unlawful activity, that is, proceeds of the scheme to defraud and conspiracy described in this indictment, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity:

COUNT	DATE	FINANCIAL TRANSACTION
13	07/27/2007	Wire transfer of \$9,000 to investor L.P. from a bank account controlled by a coconspirator at Signature Bank
14	08/02/2007	Wire transfer of \$100,000 to investor L.P. from a bank account controlled by a coconspirator at Signature Bank

31. All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

COUNT 15

(Monetary Transactions in Criminally Derived Property)

32. Paragraphs 13-26 are hereby realleged and incorporated by reference.

33. On or about the following dates, in the State and District of Minnesota and elsewhere, the defendant,

TONII CARLOS GREENE,

aided and abetted by another and willfully causing acts by another, did knowingly engage in and attempt to engage in the following monetary transactions affecting interstate commerce in property of a value greater than \$10,000 derived from the scheme to defraud and conspiracy described in this indictment, knowing that the monetary transaction involved proceeds of a criminal offense:

COUNT	DATE	FINANCIAL TRANSACTION
15	08/02/2007	Wire transfer of \$100,000 to investor L.P. from a bank account controlled by a coconspirator at Signature Bank

34. All in violation of Title 18, United States Code, Sections 1957 and 2.

FORFEITURE ALLEGATIONS

Counts 1-15 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States

Code Sections 981(a)(1)(C), 982(a)(1), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1 and 3-11, defendant TONII CARLOS GREENE shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all property, real or personal, which constitutes or is derived from proceeds traceable directly or indirectly to the schemes to defraud charged in Counts 1 and 3-11 of this Indictment, including the sum of money involved in the violations set forth in Counts 1 and 3-11.

As the result of the offenses alleged in Counts 2 and 12-15, defendant TONII CARLOS GREENE shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), any and all property, real or personal, involved in the violations charged in Counts 2 and 12-15, and in any property traceable thereto, including the sums of money involved in the violations set forth in Counts 2 and 12-15.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28 United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(2)(A), 371, 1343, 1956 and 1957, and Title 28, United States Code, Section 2461(c).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON